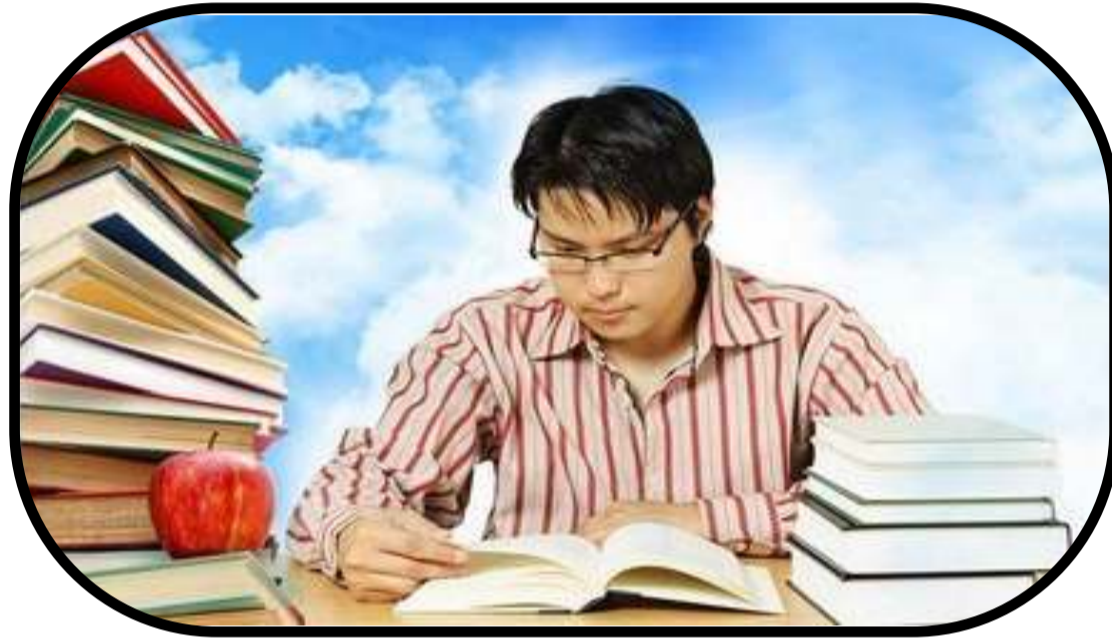


ELITE CAPTURE IN DECENTRALISED INSTITUTIONS IN INDIA: A LITERATURE SURVEY



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Abstract:Decentralised governance has been seen as an important platform that facilitates better decision-making at the level of local government. It is also an experiment in the devolution of powers to the government at the regional level by different countries, particularly developing ones, such as India, where the decentralisation experiment has been termed successful (Besley et al. 2006)³. Despite the 73rd constitutional amendment and the successful implementation of decentralisation measures in India, governance and service delivery at the local level have suffered from several problems; of them, elite capture and corruption are important, although they are not specific to India. Many developing countries that have embraced decentralised governance at the village level have been experiencing these problems, particularly that of elite capture in local governance, which has adverse implications on decision making, delivery of services to the poor, and inclusive growth.

Keywords:Decentralised Institutions , Literature Survey , decision-making , economic status.

INTRODUCTION :-

This chapter reviews the literature on elite or programme capture. Much of the literature on elite capture focuses on situations where elite capture takes place and its implications on the lives of the poor, although some studies such as Platteau and Gaspart (2003) look at the measurement aspects.

MEANING OF ELITES AND ELITE CAPTURE :

The concept of elite capture and its impact on decentralised governance are not new. As far back as 1787, Alexander Hamilton, James Madison and John Jay debated the need for adequate protection of the poor given the possibility of capture at the local level. Their views can be represented as 'the lower the level of the government, the greater the extent of capture by vested interests, and the less protected minorities and poor tend to be' (Bardhan and Mookherjee, 2000: Decentralised governance has been seen as an important platform that facilitates better decision-making at the level of local government. It is also an experiment in the devolution of powers to the government at the regional level by different countries, particularly developing ones, such as India, where the decentralisation experiment has been termed successful (Besley et al. 2006)³. Despite the 73rd constitutional amendment and the successful implementation of decentralisation measures in India, governance and service delivery at the local level have suffered from several problems; of them, elite capture and corruption are important, although they are not specific to India. Many developing countries that have embraced decentralised governance at the village level have been experiencing these problems, particularly that of elite capture in local governance, which has adverse implications on decision making, delivery of services to the poor, and inclusive growth. 135). This was the common view in the US during the eighteenth century whenever there was a discussion on the need for federal intervention to protect the interests of minorities. The discussion on elite capture has, however, assumed centre stage with the resurgence of interest on decentralisation during the past few decades (Chowdhury and Yamauchi, 2010). Although the term 'elite capture' has a negative connotation, some studies highlight the positive effects of elite involvement (discussed later in this chapter).

Elites and elite capture have been defined as 'actors who have disproportionate influence on the development process as a result of their superior social, political or economic status, while elite capture refers to the situations, where the elites shape development processes according to their own priorities and/or appropriate development resources for private gain' (Post, 2008: 1). Programme capture is defined as the process where '[t]he non-poor can exercise their economic power and contribute to the campaign funds of the major political parties in exchange for preferential treatment in welfare services' (Jha et al., 2009: 1).

In the context of human rights, elite capture has been defined as 'the process by which powerful elites skim resources intended for the bottom, and/or define policies in a way that protects their own interests' Tomas (2005: 9). He notes that the elite may be dominant in terms of economic resources, or ethnic background and gender, and elite capture may occur at national and international levels.

Elites are those who are better educated, able to dedicate more time to community activities and are better connected with outsiders (Rao and Ibanez, 2005). According to Inbanathan (2002), elites possess large landholdings in addition to holding traditional positions such as village head or caste leadership; persons having political connections, those who combine power, wealth and prestige, and those having dominant influence on village politics can be called 'elite'.

According to Vijayalakshmi and Chandrashekar (2003), elites have access and control over various structures – economic, social and organisational. The elite belong to the propertied and land-owning class with high levels of income, often from multiple sources. They typically come from the locally dominant caste groups, are placed high in the social hierarchy, and belong to prominent local families. They may have a political base and occupy important party positions. They are usually members of civil society associations, and have contacts with prominent politicians, MLAs and MPs. By virtue of their social, economic and political positions, these individuals wield considerable power. The authors also point out that the elites in their study were always men; they did not find any women in their sample who qualified as elites.

OBJECTIVES

In this context, the objectives of the study are:

- 1) To understand the process of elite/ programme capture in grama panchayats;
- 2) To analyse the coping strategies adopted by households in the event of elite/program capture; and,
- 3) To identify what households expect from administrators/ policymakers in terms of checks and balances to prevent capture.

DATA AND METHODOLOGY

The study objectives have been analysed in the specific context of Karnataka. This state has been a pioneer in decentralised governance and one of the best states in terms of democratic decentralisation.

We selected the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and Housing Schemes implemented by grama panchayats to examine elite or programme capture in India. Budget documents suggest that these are important programmes in terms of budget allocation to these two schemes to total budget of PRIs. Funds for housing are provided to GPs, while those earmarked to rural programmes.

Why and How Elite Capture Occurs

Bardhan and Mookherjee (2000) identify factors that contribute to elite capture at the local level. They argue that the relative proneness to capture of local government depends on multiple factors that pull in different directions. Hence, the extent of relative capture at the local level may be driven by the context and the system. The findings of their theoretical model lend support to previously known factors such as greater cohesiveness of interest groups and higher levels of voter ignorance at the local level. However, they also identify factors that pull in different directions: the relative extent of electoral competition, electoral uncertainty, the value of campaign funds in local vis-à-vis national elections, heterogeneity among local districts with respect to intra-district inequality, and different electoral systems at the national and local levels.

Elites would be keen to be part of any development programmes that are undertaken in the village for several reasons. First, such a capture will make their presence felt in the villages. Second, this will enable them to influence the decision-making process. Third, this would give them control over the implementation or selection of projects.

Inbanathan and Gopalappa (2002) note that the role of the elite was clearly visible in some of the development projects. The rural elite have also influenced the selection of beneficiaries for the programme.

"These elites (called *dhodda manusharu* in Kannada, meaning 'big men') influenced the selections, even though in principle, beneficiaries were to be selected in grama sabhas. However, in the selection of beneficiaries, fixing was also a possibility, where representatives were able to influence the selection of beneficiaries. Land registration was not usually carried out by people of relatively higher education but by those of lower education (less than high school), who were well equipped with a knowledge of rules, and contacts with officials who carried out such duties as registration. Registration was not only of normal land transactions, but sometimes involved making false registrations, or registering encroached lands. In police cases, people who could successfully intervene were usually those of a higher social standing. This could include village elites, or representatives (not all representatives, but those from among the elites) who could, for a fee, or some other consideration, intervene on behalf of someone who has been arrested." (Inbanathan and Gopalappa, 2002: 5).

According to Dutta (2009), the phenomenon of elite capture has been dynamic, context-specific and associated with dominant caste. She cites a study by Lieten (1996), which describes the consequences of having a dysfunctional primary school in a village; since the school children were forced to go to schools in a far-off neighbouring village, the girls were not sent and hence dropped out of school. Dutta uses this example to argue that 'covert corruption (in the lack of maintenance of schools in the village) and a secondary effect' of this situation (where girl children cannot be sent afar to seek education forced to drop out of school and remain uneducated) leads to a case for elite capture since one group of the local population (in this case young school-going girls) are systematically denied access to a public resource (education) as opposed to another local group, young school-going boys? (Dutta, 2009:8)

ELECTIONS AND ELITE CAPTURE

The elections for positions in the local government create a space for elite capture. Powis (2007) interviewed 181 local elite from two districts in Andhra Pradesh and describes how elite capture takes place during elections. Usually, money and liquor are distributed and households are paid cash to cast their votes.

The author concludes that the new breed of elite are quite approachable and render some services, unlike the traditional elite. At the same time, the new elite capture programmes to appropriate resources as a reward for their services.

Decentralised governance has been studied from deferent perspectives in several studies to understand its mechanisms and the different ways the communities are being affected. Platteau (2008) has explored the problems of information distortion, elite capture and the task complexity created by elites in decentralised governance. Among the three types of exploitation by elites, the misappropriation of resources by local elites is the most retarding factor in the development efforts in community-based development (CBD), with distortion of information at the local levels being less severe. The author argues that empirical studies by economists on this blatant type of elite capture are absent because it is extremely difficult to document misappropriation of funds in any systematic manner. The author stresses that the government needs to make efforts to bring participatory approaches to community-based development, breaking structural inequalities in social relations, and to empower the poor by enhancing their bargaining power.

Besley et al.(2006) studied about 500 villages in the four southern Indian states of Andhra Pradesh, Karnataka, Kerala and Tamil Nadu and found that Kerala and Karnataka have done relatively well in achieving good governance at the Panchayat level; many of the decentralised policies have been implemented. However, the drawback that still remained was elite capture. The village politicians remain opportunistic and overlook the policies of the village government, which reflects the significant persistence of elite capture. Politicians formed the elite; the likelihood of a politician coming from a political background is 25 per cent compared to 6 per cent for non-politicians. Although both politicians and non-politicians rely on agriculture, politicians are significantly more likely to be cultivators than agricultural labourers; this is also true of SC/ST villagers, but they remain poorer than the general population. The authors conclude that there needs to be a proper focus on drafting an honest and competent political class and providing policy measures that include enhanced training for village politicians.

IMPACT OF ELITE CAPTURE

The term 'Elite capture' indicates a negative impact on development outcomes. But Post (2008: 2) notes that elite capture can result in effectiveness, satisfaction and momentum. He writes that:

1) ? Effectiveness: All things being equal, elite involvement on community boards does not impact board effort and performance. This is important because boards which function effectively and transparently are more likely to promote community participation, especially of women and the poor (Fritzen 2005 [cited in Post 2008]).

2) Satisfaction: In recent studies, beneficiaries have expressed high degrees of satisfaction with projects where decision-making was dominated by elites. For example, elites may be able to improve community level projects by contributing expertise and mobilizing resources. However, it is important to note that elites were more likely to obtain projects that matched their preferences than the poor (Rao and Ibanez 2003 [cited in Post 2008]).

3) Momentum: Positive outcomes, even if they are elite-led, increase communities' ownership over projects and empower them to remain involved with the project in the future. Over time, this can increase community involvement in project decision-making? .

Post (2008: 1-2) describes the harmful effects on the project outcomes.

? Negative elite involvement is particularly likely to occur when:

1) Elites have significant control over community decisions and/or the autonomy to craft rules which discourage community involvement in the project.

2) There are higher levels of inequality at the village level, which gives elites more influence over community decisions and a greater ability to co-opt influential members of the community. Communities which are heterogeneous and/or have large populations, both of which act as barriers to collective action, are also more prone to elite capture.

3) Outside ? development brokers? from urban-based NGOs or other organizations are able to obtain leadership positions at the village level and gain control of development resources.

4) Projects are initiated before sufficient capacity-building measures have been implemented to ensure that community members have the skills and knowledge necessary to effectively advocate for their position with local elites.

5) Community facilitators are not trained well enough to increase community participation, educate citizens about their rights, and empower people to guide the development process. their rights, and empower people to guide the development process.

6) The project moves forward with implementation before clear rules and processes have been established to guide its activities.

Decentralisation has been adopted by many countries to provide equitable and fair distribution of public goods and services. It has been quite successfully practised in China, but in India it is still in progress. Kumar (2009) examines the experience of decentralisation in India along with the economic reforms and places the overall responsibility on governments to provide a fair and accountable decentralised governance and at the same time to take on the responsibilities of handling economic reforms so that the benefits of development reach the poor and disadvantaged. Problems such as elite capture persist in the system of governance in countries where the efforts to reduce social and economic inequalities within society have had limited success. It has also been suggested that a better framework of fiscal decentralisation be provided to devolve funds to the local governments so that fiscal decentralisation results in better services to the poor, which may help reduce inequalities and, in turn, exploitation by the elite.

CONCLUSION

The literature review shows that the elite have superior social, political and economic status, but this seems to be changing; the new elite need not come from higher socio-economic backgrounds or be part of the local government. Because of this superior status the elite have considerable influence on the development process – the selection of beneficiaries for anti-poverty programmes, providing resources, determining the locations of development, etc. In elite capture, the elites shape development processes and appropriate development resources for private gain. The factors that contribute to elite capture are greater homogeneity and cohesiveness among the elite together with lack of empowerment and higher levels of ignorance among the poor. In the early literature, elite capture carried negative connotations, but the recent literature suggests that the poor are in fact appreciative of the services rendered by the elite. Programme capture refers to the process where the non-poor use their economic power in exchange for preferential treatment in welfare services.

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